

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF MISSOURI

In re:

Railroad Salvage & Restoration, Inc.  
1715 South Joplin Avenue  
Joplin, Missouri 64804  
Tax ID# 43-1689925

And

L. P. & F., Inc.  
1715 South Joplin Avenue  
Joplin, Missouri 64804  
Tax ID# 26-0098402

Debtors

Case Number: 16-30292-can11  
16-30293-can11

Chapter 11

**JOINT MOTION TO AUTHORIZE USE OF CASH COLLATERAL IN THE  
ORDINARY COURSE OF BUSINESS**

COME NOW Railroad Salvage & Restoration, Inc. (“RSRI”) and L. P. & F., Inc., (“LPF”) debtors and debtors-in-possession and for their Joint Motion to Authorize Use of Cash Collateral in the Ordinary Course of Business pursuant to 11 U.S.C. §§363(c) and 364 (the “Motion”), states:

1. Debtors filed a Voluntary Petition pursuant to Chapter 11, Title 11 of the United States Code on June 14, 2016 (the “Filing Date”).
2. Debtors continue to manage their property as a Debtors-in-Possession pursuant to 11 U.S.C. §§1107 and 1108.
3. No trustee or examiner has been appointed, and no committee of unsecured creditors or equity holders has been established.
4. This Court has jurisdiction over the Chapter 11 case and the Motion pursuant to 28 U.S.C. §§157(b) and 1334.

5. Consideration of the Motion constitutes a core proceeding as defined in 28 U.S.C. §157(b)(2).

6. Venue is proper in this District pursuant to 28 U.S.C. §§1408 and 1409.

### **BACKGROUND**

7. Debtor Railroad Salvage & Restoration, Inc. is a Missouri Corporation. Its President is Bytha Lee Jackson who is a 75% owner of the corporation. Its Vice President/Secretary is William Ryan Jackson who is a 25% owner of the corporation.

8. Debtor L. P. & F., Inc. is a Missouri Corporation. Its President is William Ryan Jackson who is a 100% owner of the corporation.

9. RSRI operates as a railroad repair business. It operates in the Joplin, MO area. It employs approximately 20 people and has debt secured to Southwest Missouri Bank. The Southwest Missouri Bank loan is cross-collateralized and co-signed by LPF and non-party G.F. Wiedeman International, Inc.

### **SOUTHWEST MISSOURI BANK SECURED DEBT**

10. Debtors have 4 Notes with Southwest Missouri Bank. For each Note the Lender is Southwest Missouri Bank and the Borrowers are RSRI, LPF and G.F. Wiedeman International, Inc.

11. Note 1 was issued on or about March 29, 2011 for the principal amount of \$1,350,000.00 and is identified as Loan No. 100345. Note 2 was issued on or about January 29, 2014 for the principal amount of \$1,500,000.00 and is identified as Loan No. 17007244. Note 3 was issued on or about January 29, 2014 for the principal amount of \$2,030,576.34 and is identified as Loan No. 17007245. Note 4 was issued on or about January 23, 2015 for the principal amount of \$570,000.00 and is identified as Loan No. 17007477.

12. Upon issuance of each Note, Southwest Missouri Bank recorded multiple Commercial Security Agreements, UCC-1 Financing Statements, Deeds of Trust and Assignments of Rents (“Security Documents”) to secure each Note. The Security Documents were recorded with the Missouri Secretary of State’s Office.

13. The current principal balance of the four Notes is believed to be \$4,848,842.00.

14. All four Notes are also personally guaranteed by G.F. Wiedeman International, Bytha Lee Jackson, William Ryan Jackson and the GW Jackson Personal Revocable Trust.

15. Upon information and belief, Southwest Missouri Bank is undersecured on the four Notes. The assets pledged to Southwest Missouri Bank have a total value of 2,000,000.00.

16. Debtors believe on a going forward basis, before servicing the monthly secured debt, that their joint operation of business is cash-flow positive.

17. Debtors are proposing to make one joint monthly payment to Southwest Missouri Bank for the period of time from filing up to confirmation of the Plan. Debtors are proposing interest only payments to Southwest Missouri Bank at 5% per annum. The interest rate is calculated as the current rate (3.75%) plus 1.25%. Debtors propose paying the Notes to the value that they are secured. Said payments will be \$8,333.33 per month commencing in July of 2016.

#### **MISSOURI DEPARTMENT OF REVENUE TAX LIEN**

18. In early January, 2016, the Missouri Department of Revenue (“MODOR”) placed a tax lien on RSRI for unpaid taxes from previous years.

19. MODOR is listed as a creditor on RSRI’s Bankruptcy schedules.

20. By way of its tax lien, MODOR is a secured creditor and thus subject to Debtors joint request for use of cash collateral.

21. MODOR’s tax lien is junior to Southwest Missouri Bank’s security interest.

22. Debtor is proposing to pay MODOR during this period prior to Plan confirmation a monthly payment of \$100.00 to be applied first to interest and then principal.

### **RELIEF REQUESTED**

23. By this Motion, Debtors seek use of cash collateral to fund their business operations pursuant to 11 U.S.C. §363(c)(2)(B) and 11 U.S.C. §363(c)(1), which provides that a debtor operating pursuant to 11 U.S.C. §1108 “may enter into transactions. . . in the ordinary course of business, without notice and a hearing, and may use property of the estate in the ordinary course of business without notice and a hearing.”

24. Pursuant to 11 U.S.C. §552(b)(2), Southwest Missouri Bank maintains a security interest in the post-petition income of the Debtors.

25. To adequately protect the value of Southwest Missouri Bank and MODOR’s security interest in Debtors’ assets and their collateral, the Debtors must be allowed to operate and continue their business throughout the pendency of this Chapter 11 case.

26. Debtors respectfully request that the Court authorize the use of cash collateral in the ordinary course of business as outlined in the attached Exhibit “A.” Debtors anticipate that their expenses will not vary more than ten percent (10%) from the figures provided for the June/July budget as attached. Debtors request the use of cash collateral for no purpose at this time other than to preserve the value of the collateral through continued operations.

27. In exchange for the use of cash collateral in the ordinary course of business, Debtors propose that Southwest Missouri Bank and MODOR be allowed replacement liens on all of Debtor’s right, title and interest in, to and under the collateral, notwithstanding the limits on pre-petition liens provided under 11 U.S.C. §552(a).

28. In accordance with U.S.C. §363(c)(3), Debtors request that Court schedule a hearing on the use of cash collateral.

WHEREFORE, based upon the foregoing, Debtors respectfully request that the Court authorize use of cash collateral in the ordinary course of business and on the terms stated herein, allow Southwest Missouri Bank and MODOR replacement liens on the collateral to the extent there are obligations remaining, and for such other and further relief as the Court deems just and proper.

Dated: June 14, 2016

THE SADER LAW FIRM

By: /s/ Neil S. Sader

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COUNSEL FOR DEBTORS

### **NOTICE OF MOTION**

Any response to the motion must be filed with 21 days of the date of this notice, pursuant to Local rule 9013-1C, with the Clerk of the United States Bankruptcy Court. Parties represented by an attorney shall file electronically at <https://ecf.mowb.uscourts.gov>. Pro se parties shall mail filings to: United States Bankruptcy Court, Western District of Missouri, 400 East 9<sup>th</sup> Street, Room 1510, Kansas City, MO 64106. Pursuant to 9013-1D, responses shall address the merits of the motion and, if applicable, set out actions to remedy the particular problem. The Court will serve such response electronically on the Trustee, debtor's attorney and all other parties to the case who have registered for electronic filing. Respondent shall serve all parties who are not served electronically.

If a response is timely filed, a hearing will be held on a date and time determined by the Court. Notice of such hearing will be provided to all parties in interest. If no response is filed within 21 days, the Court will enter an order.

For information about electronic filing go to [www.mow.uscourts.gov](http://www.mow.uscourts.gov) or call the Court's HELP line at 1-800-466-9302.

**CERTIFICATE OF SERVICE**

The undersigned certifies that a copy of the foregoing was served upon all appropriate parties electronically, as well as via first class mail, postage prepaid, to the Matrix, on this 14<sup>th</sup> day of June, 2016.

/s/ Neil S. Sader

Neil S. Sader, Attorney

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## Budget Period

6/14/16-7/31/16

Railroad Salvage & Restoration, Inc. & L. P. & F., Inc.  
1715 South Joplin Avenue  
Joplin, Missouri 64804

Bankruptcy No. 16-30292 and 16-30293

### Current Bank Account Balances -

RSRI (Southwest Missouri Bank, Acct ending 2537)	\$1,257.33
RSRI (Southwest Missouri Bank, Acct ending 8587)	\$11,377.63
RSRI (Pinnacle Bank, Acct ending 8701)	\$82,454.09
LPF (Southwest Missouri Bank, Acct ending 3278)	\$375.72
LPF (Southwest Missouri Bank, Acct ending 6975)	\$792.56
	<u>\$96,257.33</u>

### Income

Business Operations	\$125,000.00
Income from sale of scrap metal	\$40,000.00
<b>Total</b>	<b>\$165,000.00</b>

### Expense Budget (figures are monthly amounts)

#### Debtor Railroad Expenses -

Monthly Payroll Taxes	\$12,000.00
Missouri Unemployment	\$1,250.00
Worker's Compensation Ins.	\$3,500.00
Health Insurance	\$5,000.00
Dental Insurance	\$250.00
Liability Insurance - First Insurant	\$9,515.90
Auto Insurance - First Insurant	\$5,403.30
Accounting/CPA	\$1,250.00
Property Insurance - CAN	\$2,066.17
Rent	\$1,000.00
City of Joplin - Refuse	\$75.00
Missouri American Water	\$125.00
Missouri Gas	\$125.00
Empire District	\$750.00
Property Tax	\$200.00
Fuel	\$1,000.00
Maintenance/Janitorial	\$100.00
Joplin Fire Safety	\$100.00
Fire Protection	\$250.00
Repairs	\$2,000.00
Travel	\$1,500.00

### Actual Expense

EXHIBIT A
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Miscellaneous	\$1,000.00
Gas/Propane	\$750.00
Machinery/Supplies	\$100.00
Waste - Republic Service	\$350.00
Port-A-Potty Maintenance	\$85.00
IT server costs	\$350.00
AT&T	\$560.00
Foundation Ventures - Lease	\$1,000.00
Wood & Huston Bank - Equipment Purchase	\$1,064.88
Payroll	\$80,000.00
Legal (anticipated)	\$12,500.00
Southwest Missouri Bank	\$8,333.33
Missouri Department of Revenue	\$100.00

***Debtor LPF Expenses***

Employment Insurance	\$4,358.00
Accounting	\$450.00
Transportation	\$750.00
Phone Service	\$80.00
Payroll taxes	\$900.00
Payroll	\$3,200.00

\$163,391.58